

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. U-51846	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> TYPE HOLE <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Yates Petroleum Corporation		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR 105 South Fourth Street - Artesia, NM 88210		8. FARM OR LEASE NAME McCracken Spring	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 2050' FSL & 500' FEL At proposed prod. zone Same		9. WELL NO. 2-31	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 15 miles north of Hatch Trading Post, Utah		10. FIELD AND POOL, OR WILDCAT Wildcat	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 500'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 31-T37S-R24E	
16. NO. OF ACRES IN LEASE 906.3		12. COUNTY OR PARISH San Juan	
17. NO. OF ACRES ASSIGNED TO THIS WELL 80		13. STATE Utah	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 6410' <i>16k</i>		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5702' GR		22. APPROX. DATE WORK WILL START* ASAP	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48# H-40	Approx. 100'	50 sacks
12-1/4"	9-5/8"	36# K-55	" 2250'	900 sacks - circulate
7-7/8"	5-1/2"	15.5# J-55	TD	450 sacks

We propose to drill and test the Akah and intermediate formations. Approximately 2250' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW to 5500'; fresh water gel to TD. MW 9.0-10.4, Vis 35-45; FL 10-15

BOP PROGRAM: BOP's will be nipped up when intermediate casing is set.

RECEIVED
AUG 27 1986

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on location and measured and true vertical depths. Give blowout preventer program, if any.

DIVISION OF
OIL, GAS & MINING

24. SIGNED Cy Cowan TITLE Regulatory Agent DATE Aug. 25, 1986

(This space for Federal or State office use)

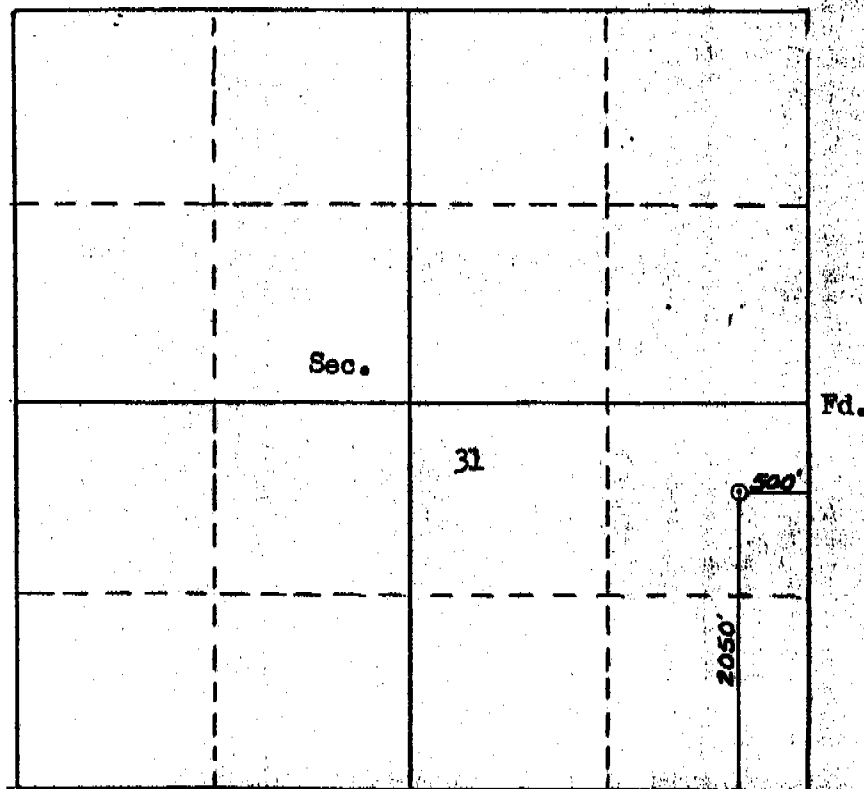
PERMIT NO. 43-037-31275 APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 9-8-86

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

COMPANY YATES PETROLEUM CORPORATION
LEASE McCRACKEN SPRING WELL NO. 2-31
SEC. 31, T. 37S, R. 24E
County: San Juan State: Utah
LOCATION 2050' FSL & 500' FEL
ELEVATION 5702 6L



SCALE—4 INCHES EQUALS 1 MILE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTE OF ACTUAL SURVEYS MADE BY ME UNDER MY SUPER-
VISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

SEAL



William H. Hinkle II
Registered Land Surveyor
New Mexico P.L.S. No. 8466

SURVEYED August 11, 1986

YATES PETROLEUM CORPORATION
McCRACKEN SPRING #2-31
2050' FSL and 500' FEL of
Section 31-37S-R24E
San Juan County, Utah

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is the Dakota formation.
2. The estimated tops of geologic markers are as follows:

Chinle	2135'
Shinrump	2835'
Cutler	2920'
Honaker Trail	5005'
Upper Ismay	6005'
Desert Creek	6325'
Akah	6370'
TD	6410'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Surface to 1870'

Oil or Gas: Primary Pay is Upper Ismay 6005'; Secondary Pay Desert Creek 6325'

4. Proposed Casing Program:

Surface Casing: There will be one stage of cement. Cemented with 900 sacks of Class "C" 2% CaCl₂ (700 cubic feet of cement) circulated. Casing shoe will be set at 2250' and float equipment set at approximately 2210'.

Production Casing: There will be one stage or as warranted of cement. Cemented with enough Class "C" to equal 225 cubic feet or approximately 310 sacks to reach estimated top at 5000'. Float collar will be set at approximately 40' above TD with casing shoe set at TD.

NOTE: The San Juan Resource Area will be notified 1 day prior to running casing strings and cement.

5. Pressure Control Equipment: See Form 9-331C. NOTE: The San Juan Resource Area will be notified 1 day prior to pressure testing.
6. Mud Program:

DEPTH	TYPE	WEIGHT #/GALLON	VIS-sec/qt.	FLUID LOSS (cc)
0-5500'	FW	----	----	----
5500-TD	FW gel/starch	9.0-10.4	35-45	10-15

7. Auxiliary Equipment: Kelly cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.

McCracken Spring #2-31

Page 2:

8. Testing, Logging and Coring Program:

Samples: 10' samples caught out from under surface casing to TD

DST's: Two (2) possible

Coring: None

Logging: DIL & CNL/LDT from TD to casing. Possible dipmeter and sonic.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

YATES PETROLEUM CORPORATION

McCracken Federal #2-31

2050' FSL and 500' FEL of

Section 31-T37S-R24E

San Juan County, Utah

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

1. From Hatch Trading Post follow Perkins Ranch road to a point approximately 5 miles west of Perkins Ranch on County Road 204.
2. Access road will enter the northeast corner of the location.
3. Refer to map.

2. PLANNED ACCESS ROAD

- A. The new road will be 20 feet in width and approximately 500' in length on BLM land.
- B. The new road will be bladed. Native materials will be used. If needed in wet weather, surfacing material may be needed. No turnouts will be built.
- C. The route of the road is flagged and visible.
- D. Encroachment permit will be obtained from San Juan County Road Department.

3. LOCATION OF EXISTING WELL:

- A. There is drilling activity within a one mile radius of the wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial purposes and will be hauled to the location by truck over the existing and proposed roads. Water and permits will be obtained by the drilling contractor. The State will be notified of the permit number.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Native materials will be used for pad construction. Location and road will be watered and bladed.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits. Pits will be lined if rocks in pit area are fractured.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be buried in a separate burn pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Burn permit will be obtained by drilling contractor.
- G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLIARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, etc. The reserve pits will be to the south. Access will be from the northeast.
- B. The location surface is sloping to the south.
- C. The reserve pits will be lined. See Above 7-A.
- D. A 400' X 400' area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been levelled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Operator-Landowner Agreement will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level with after abandonment.

11. OTHER INFORMATION:

- A. Topography: The land surface in the vicinity of the wellsite is sloping to the south. The immediate area of the wellsite is discussed above in Paragraph 9B.
- B. Flora and Fauna: The vegetation cover on wellsite consists of native grasses, miscellaneous growth cedar and pine trees. The area is used for grazing.
- C. Waterways: None
- D. Perkins Ranch is approximately 6 miles east.
- E. Surface Ownership: Federal surface and minerals. Per BLM's request: 3' of road bed will be put over Pure's pipeline. Fence will be put on either side of road right-of-way. Archaeologist will be on location to monitor removal of surface cover.

12. OPERATOR'S REPRESENTATIVE:

- A. The field representatives responsible for assuring compliance with the approved surface use plan are:

Cy Cowan or Clifton May
Regulatory Agents
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210
505-748-1471

Al Springer
Drilling Operations Manager
505-748-1471

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date

8/25/06

Cy Cowan
Regulatory Agent

Vicinity Map for
YATES PETROLEUM CORPORATION
#2-31 McCRACKEN SPRING
2050' FSL & 500' FEL
Sec. 31 T37S R24E
San Juan Co., Utah

Exhibit A

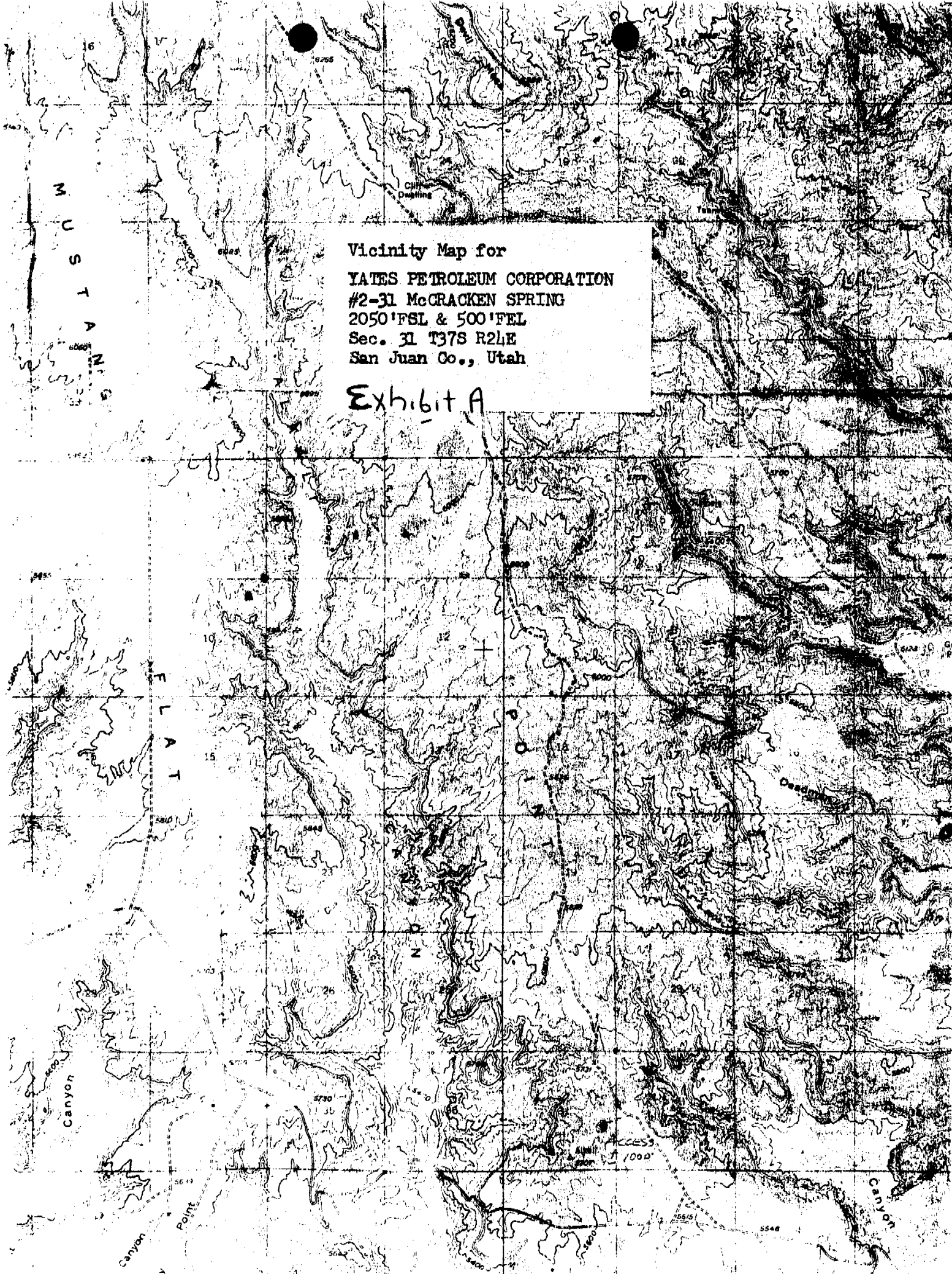
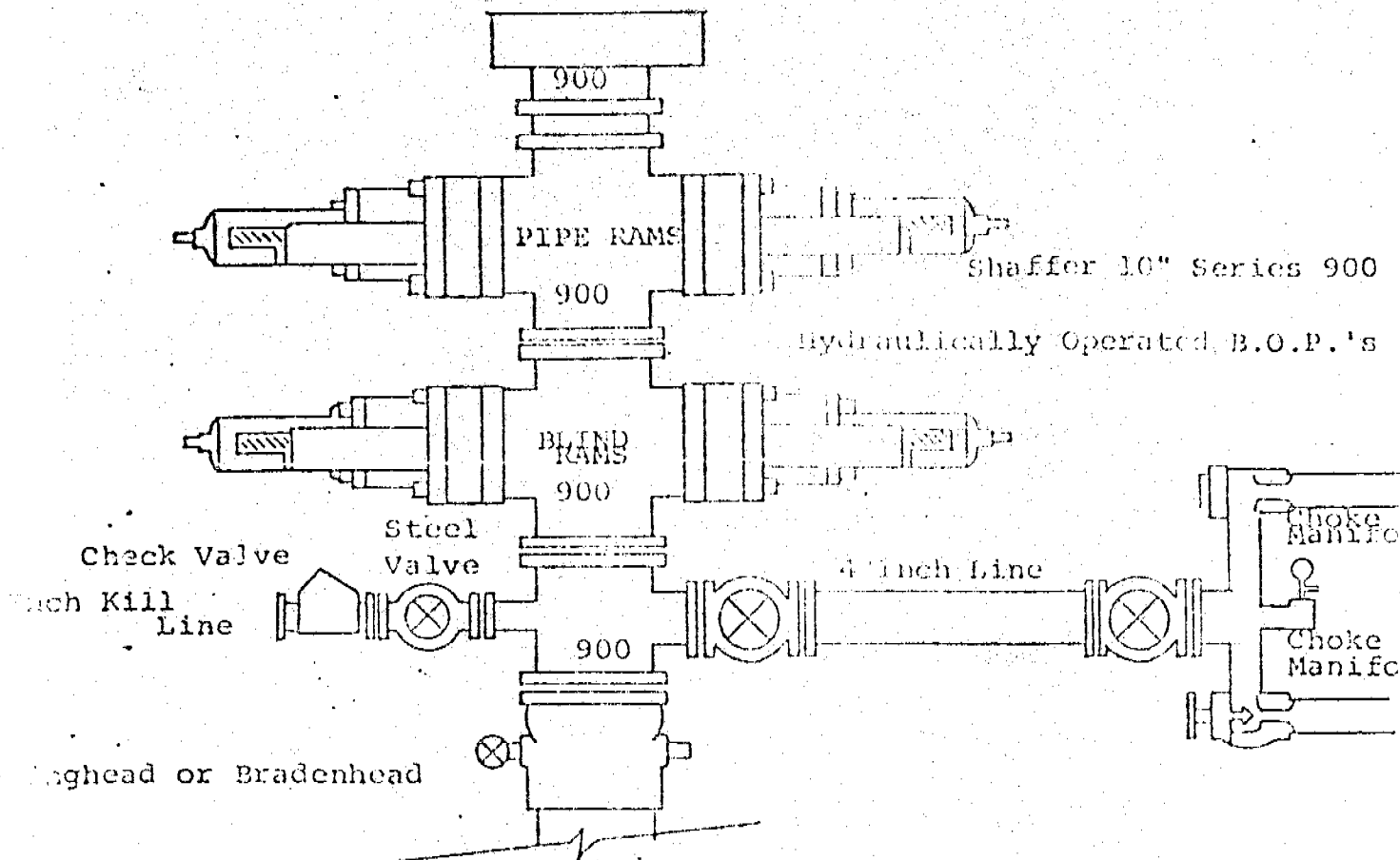


Exhibit B



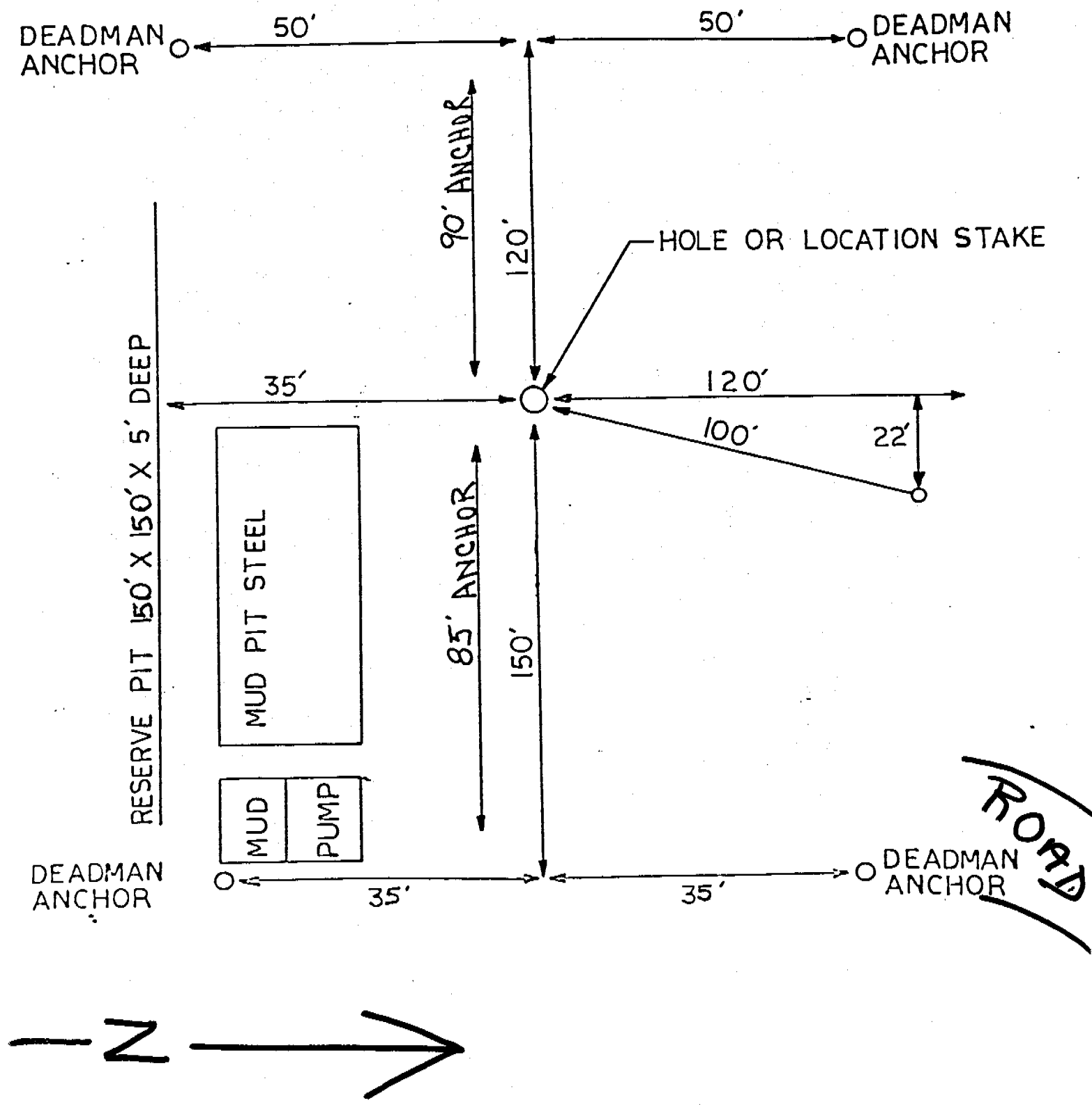
FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
- Choke outlet to be a minimum of 4" diameter.
- Kill line to be of all steel construction of 2" minimum diameter.
- All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
- The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
- All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
- Inside blowout preventer to be available on rig floor.
- Operating controls located a safe distance from the rig floor.
- Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
- B. P. float must be installed and used below zone of first gas intrusion.

Exhibit C

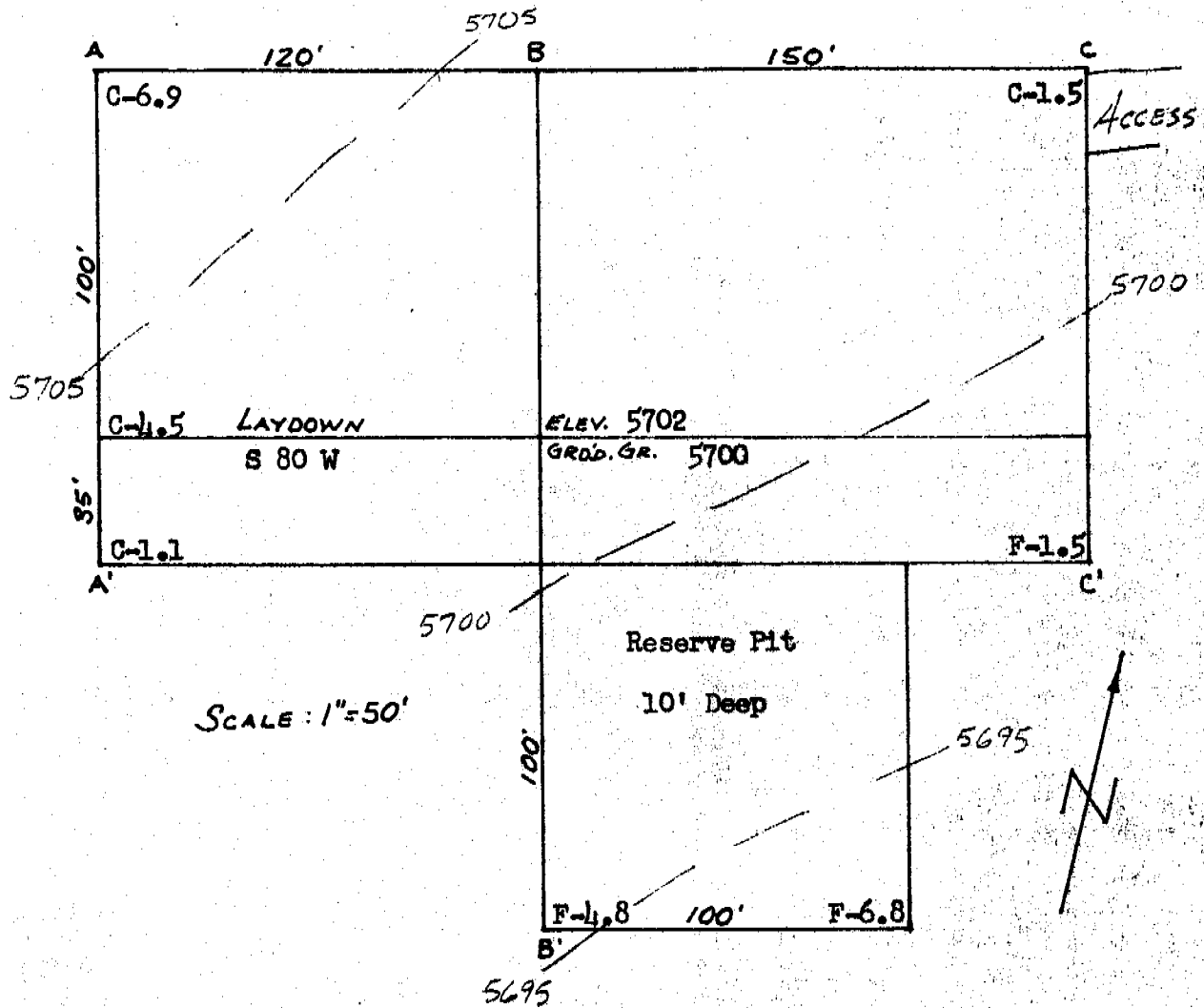
COLEMAN DRILLING CO.

FRONT OF RIG NO. 3



Profile for
YATES PETROLEUM CORPORATION
 #2-31 McCRACKEN SPRING
 2050' FSL & 500' FEL
 Sec. 31 T37S R24E
 San Juan County, Utah

Exhibit D



A-A' Vert.: 1"=30' Horiz.: 1"=100' C/L

5710						
5680						

B-B' C/L

5710						
5680						

C-C' C/L

5710						
5680						

1
Mile
RADIUS

MCCracken Spring
2-31

31

32

1-Mile RADIUS
MCCracken Spring
2-31
Sec 31 T37S R24E

Exhibit E

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: Utah
SERIAL No.: U-51846

and hereby designates

NAME: Yates Petroleum Corporation
ADDRESS: 105 South 4th Street, Artesia, NM 88210

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

T. 37 S., R. 24 E., San Juan County, Utah
Section 30: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

MARATHON OIL COMPANY

By: T. R. Lindsey

(Signature of lessee)

T. R. Lindsey - Attorney-in-Fact *REN*

P. O. Box 120, Casper, WY 82602

(Address)

August 8, 1986
(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: Utah
SERIAL NO.: U-51846

and hereby designates

NAME: Yates Petroleum Corporation
ADDRESS: 105 South 4th Street, Artesia, NM 88210

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

T. 37 S., R. 24 E., San Juan County, Utah
Section 30: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

MARATHON OIL COMPANY

By: T. R. Lindsey

(Signature of lessee)

T. R. Lindsey - Attorney-in-Fact REN

August 8, 1984
(Date)

P. O. Box 120, Casper, WY 82602
(Address)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: Utah
SERIAL NO.: U-51846

and hereby designates

NAME: Yates Petroleum Corporation
ADDRESS: 105 South 4th Street, Artesia, NM 88210

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

T. 37 S., R. 24 E., San Juan County, Utah
Section 30: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

MARATHON OIL COMPANY

By: T. R. Lindsey

(Signature of lessee)

T. R. Lindsey - Attorney-in-Fact *REN*

P. O. Box 120, Casper, WY 82602

(Address)

August 8, 1986
(Date)

091005 - APO
101313 - Off Cont.

OPERATOR Yates Petroleum Corp DATE 9-3-86
WELL NAME M^e Cracker Spring 2-31
SEC NE SE 31 T 37S R 24E COUNTY San Juan

43-037-31275
API NUMBER

Oil
TYPE OF LEASE

CHECK OFF:



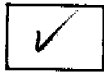
PLAT



BOND



NEAREST
WELL



LEASE



FIELD



POTASH OR
OIL SHALE

PROCESSING COMMENTS:

No other well within 920'
Need water permit

APPROVAL LETTER:

SPACING:



203

UNIT



302



CAUSE NO. & DATE



302.1

STIPULATIONS:

1- Water



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

September 8, 1986

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Gentlemen:

Re: Well Name: McCracken Spring 2-31 - NE SE Sec. 31, T. 37S, R. 24E
2050' FSL, 500' FEL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule 302, Oil and Gas Conservation General Rules, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. Compliance with the requirements and regulations of Rule 311.3, Associated Gas Flaring, Oil and Gas Conservation General Rules.

Page 2

Yates Petroleum Corporation

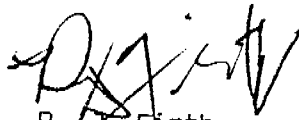
Well Name: McCracken Spring 2-31

September 8, 1986

5. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable State and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.
6. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31275.

Sincerely,



R. D. Firth

Associate Director, Oil & Gas

as

Enclosures

cc: Branch of Fluid Minerals

D. R. Nielson

8159T

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY 101602

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐

OTHER

TITE HOLE

SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

105 South Fourth Street - Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

2050' FSL & 500' FEL

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 15 miles north of Hatch Trading Post, Utah

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drig. unit line, if any)

500'

16. NO. OF ACRES IN LEASE

906.3

17. NO. OF ACRES ASSIGNED

TO THIS WELL

80

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

6410'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

5702' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48# H-40	Approx. 100'	50 sacks
12-1/4"	9-5/8"	36# K-55	" 2250'	900 sacks - circulate
7-7/8"	5-1/2"	15.5# J-55	TD	450 sacks

RECEIVED
OCT 14 1986DIVISION OF
OIL, GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Cy Cowan

TITLE

Regulatory Agent

DATE

Aug. 25, 1986

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

/S/ GENE NODINE

TITLE

DISTRICT MANAGER

DATE

OCT 09 1986

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL

FLARING OR VENTING OF
GAS SUBJECT OF NTL 4-A
DATED 1/1/80

*See Instructions On Reverse Side

SUBJECT TO RIGHT OF WAY
APPROVAL

COMPANY YATES PETROLEUM CORPORATION

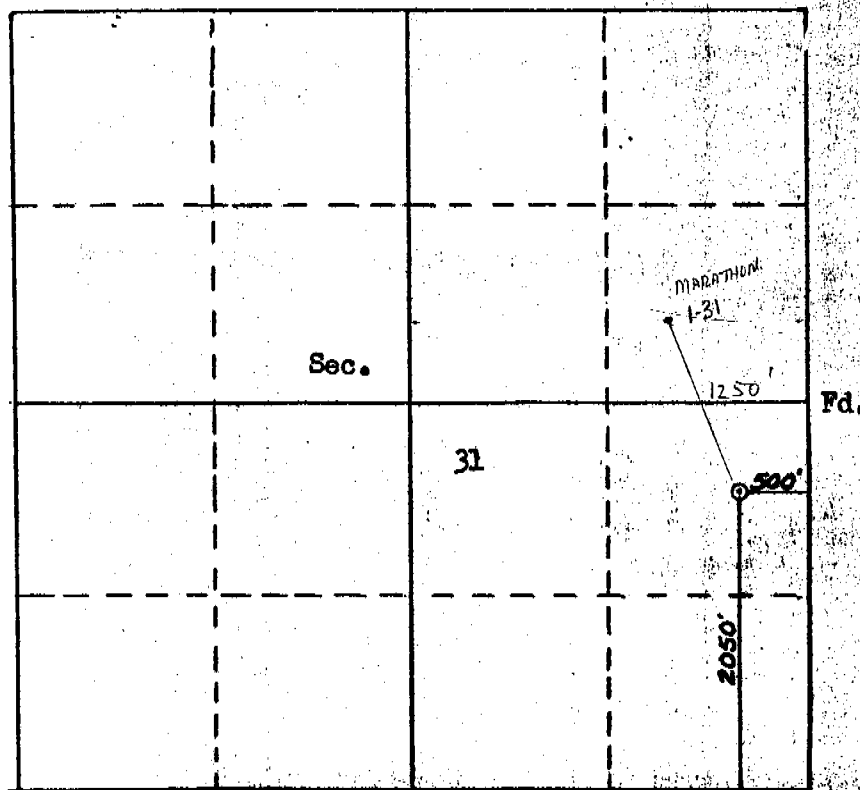
LEASE MCCRACKEN SPRING WELL NO. 2-31

SEC. 31 T. 37S R. 24E

County: San Juan State: Utah

LOCATION 2050' FSL & 500' FEL

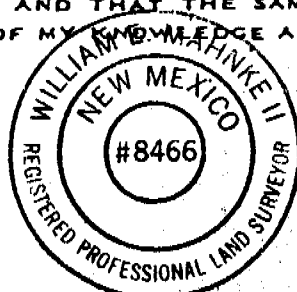
ELEVATION 5702 GL



SCALE—1 INCHES EQUALS 1 MILE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTE OF ACTUAL SURVEYS MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

SEAL:



William E. Mahinke II
Registered Land Surveyor
New Mexico P.L.S. No. 8466

SURVEYED August 11 1986

Yates Petroleum Corporation
Well No. McCracken Spring 2-31
Sec. 31, T. 37 S., R. 24 E.
San Juan County, Utah
Lease U-51846

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

A. DRILLING PROGRAM

Steel braided accumulator lines are acceptable.

A 2" diameter choke line is acceptable.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Order 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to the field representative to insure compliance.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the District Office. If operations are to be suspended, prior approval of the District Office will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the District Office within a minimum of 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.

In accordance with Onshore Order No. 1 this well will be reported on Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continued each month until the well is plugged and abandoned. This report will be sent to the District Office, P.O. Box 970, Moab, Utah 84532.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Area Office in accordance with requirements of NTL-3A.

If a replacement rig is needed for completion operations, a Sundry Notice (Form 3160-5) to that effect will be filed for prior approval from the District Office, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations verbal approval to bring on a replacement rig will be approved through the District Office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Moab District Manager.

If the well is to be completed for production the Area Office is to be contacted in order to set up a pre-production conference. When the well is placed in a producing status the District Office is to be notified by telegram or other written communication within five working days.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

No well abandonment operations will be commenced without the prior approval of the District Office. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the District Office. A Subsequent Report of Abandonment (Form 3160-5) will be sent to the District Office within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Office, or the appropriate surface managing agency. Upon completion of approved plugging a dry hole marker will be erected in accordance with 43 CFR 3162.6. The top of the marker will be closed or capped. The following minimum information will be permanently placed on the marker; "Fed" or "Ind", as applicable, "Lease number", "Well number", location of well by 1/41/4 section, township, and range.

The following may be inspected and/or witnessed:

1. The cementing and testing of surface casing, testing BOP's.
2. (Dry Hole) Setting and testing of surface casing shoe plug.
3. (Depleted Producer) The setting and testing of plugs across the producing horizon and if applicable the surface casing shoe plug and/or annulus (casing to formation) squeeze jobs.

Notify the San Juan Resource Area (Mike Wade) one day or on dry hole as soon as possible prior to the above at (801) 587-2141 (Home) (801) 587-2026 or if unable to reach Mike, call Moab District Office Greg Noble at (801) 259-6111 (Home) (801) 259-8811.

B. SURFACE USE PLAN

A BLM approved archaeologist will monitor construction of the well pad and access (between sites 42SA17876 and 17877).

The southeast boundary of archaeological site 42SA13114 will be fenced prior to construction.

Your contact with the District Office is:

Greg Noble, Petroleum Engineer

Office Phone: (801) 259-6111

Home Phone: (801) 259-8811

 , Petroleum Engineer

Office Phone:

Home Phone:

Address:

82 East Dogwood, P. O. Box 970
Moab, Utah 84532

Your contact with the San Juan Resource Area Office is:

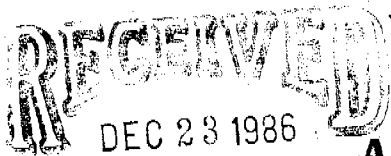
Rich McClure, Natural Resource Specialist

Office Phone: (801) 587-2141

Home Phone: (801) 587-2874

Address:

435 North Main, P. O. Box 7
Monticello, Utah 84535



FILING FOR WATER IN THE STATE OF UTAH

030702

RECEIVED
NOV 26 1986

Rec. by CT
Fee Paid \$ 15.00
Platted 21436
Microfilmed _____
Roll # _____

APPLICATION TO APPROPRIATE WATER

DIVISION OF
OIL, GAS & MINING

for the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of the Laws of Utah.

WATER USER CLAIM NO. 09 - 1490

APPLICATION NO. T62188

1. PRIORITY OF RIGHT: November 24, 1986

FILING DATE: November 24, 1986

2. OWNER INFORMATION

Name: Yates Petroleum Corporation
Address: 105 South Fourth Street, Artesia, NM 88210
The land is not owned by the applicant(s), see explanatory.

3. QUANTITY OF WATER: 5.0 acre feet (Ac. Ft.)

4. SOURCE: Artesian Well DRAINAGE: San Juan River

POINT(S) OF DIVERSION:

COUNTY: San Juan

(1) N. 50 feet, W. 480 feet, from the E $\frac{1}{2}$ Corner of Section 12,

Township 38 S, Range 24 E, SLB&M

Description of Diverting Works: 8 inch diameter well 506 ft.

COMMON DESCRIPTION: 7.5 mi. N. Hatch Trading Post

5. STORAGE

Water is to be stored in Unnamed reservoir from January 1 to December 31.

Capacity 5.0 ac.ft. Innundating 0.25 acres. Height of dam 4 feet.

The area innundated by the reservoir includes all or part of each of the following legal subdivisions.

TOWN RANGE SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
38 S 24 E 12	X															

All locations in Salt Lake Base and Meridian

6. NATURE AND PERIOD OF USE

Oil Exploration From December 1 to December 1.

7. PURPOSE AND EXTENT OF USE

Oil Exploratio: Oil Well Drilling

8. PLACE OF USE

The water is used in all or parts of each of the following legal subdivisions.

TOWN RANGE SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
37 S 24 E 31																X

All locations in Salt Lake Base and Meridian

EXPLANATORY

me Crank
2-31-43-04-31275 POW/GRV
37

Appropriate

STATE ENGINEER'S ENDORSEMENT

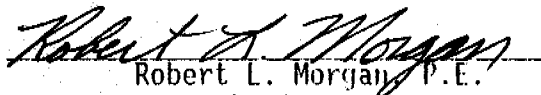
WATER USER'S CLAIM NO. 09 - 1490

APPLICATION NO. T62188

1. November 24, 1986 Application received by MP.
 2. November 24, 1986 Application designated for APPROVAL by MP and SG.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated December 5, 1986, subject to prior rights and this application will expire on December 5, 1987.


Robert L. Morgan, P.E.
State Engineer



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

January 28, 1987

RECEIVED
FEB 02 1987

State of Utah
Natural Resources
Oil, Gas and Mining
3 Triad Center, Suite 530
Salt Lake City, Utah 84180-1203

DIVISION OF
OIL, GAS & MINING

ATTN: Ronald J. Firth

Dear Sir:

Re: McCracken Springs #2-31
Section 31-37S-24E
San Juan County, Utah

Yates Petroleum Corporation seeks approval to flare gas from the subject well for a maximum period of 90 days in order to conduct test aimed at prevention of gas coning in the well. We are seeking concurrent approval from the BLM. If this action is approved, the well will be produced at reduced rates so that the total amount of gas flared during the test period will correspond to about 30 to 45 days at peak rates.

As you know, the Marathon McCracken Springs No. 1-31 well produces about 30 BOPD and 145 Mcf/D in accord with the decision in Utah Division Docket No. 86-012, Cause No. 196-19. The Yates Petroleum McCracken Springs No. 2-31 was spudded on December 17, 1986, and reached total depth of 6395 feet on December 28, 1986. On January 7, 1987, the Upper Ismay was perforated at 6075-6086 and the well tested 562 BO and 462 Mcf on a 24-hr test a few days later on January 10, 1987. The well has been shutin since that date. Bottom-hole pressure of 1963 psi was measured on January 14 after the well had been shutin for 94 hours. On that same day, two samples of bottom-hole fluid were taken for PVT analysis. These samples are now being analyzed by Core Laboratories and the PVT data will be available about February 10.

You know from the history of the Marathon well that the McCracken Springs reservoir contains a gas cap. Yates, of course, wishes to maximize oil production and minimize gas production during the



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

February 6, 1987

02192

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

Gentlemen:

RE: Request to Flare or Vent Associated Gas From McCracken Springs
Well No. 2-31, T37S, R.24E, San Juan County, Utah 43-037-31075

The Division of Oil, Gas and Mining hereby grants approval of your request dated January 28, 1987 to flare associated gas from the referenced well. The approval is limited to the conditions stated in your letter, specifically that the associated gas may be flared or vented in excess of that allowed by Rule 311.3 of the Oil and Gas Conservation General Rules for the purposes of testing the well for a maximum period of 90 days.

The specific conditions of the approval are that the McCracken Springs Well No. 2-31 may be produced, and associated gas flared or vented, at producing rates as stated in your January 28th letter for a maximum period of 90 days beginning from the first day of testing. If the producing gas-oil ratio should increase over 2000:1, then this approval will become void and Yates Petroleum will be required to restrict gas flaring to that allowed by Rule 311.3 of the Oil and Gas Conservation General Rules.

Please note that this approval represents an administrative variance to Rule 311.3. No formal action by the Board of Oil, Gas and Mining will be required at this time; however, any additional request for producing the well in excess of that specified in your letter or any extension of this approval will require a petition and hearing before the Board.

It is also necessary to comply with federal regulations and the federal lease requirements concerning oil and gas operations. Therefore, you are advised to contact the appropriate federal agency to ensure that they do not object to the proposed gas flaring.

Page Two
Yates Petroleum Corporation
February 6, 1987

We hope this information is helpful to you, please contact this office again if you have further questions.

Best regards,



Dianne R. Nielson
Director


JRB

cc: R. J. Firth

✓ J. R. Baza

✓ Well File

0258T-93-94





STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

120104

Well file

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

February 6, 1987

POW

43-637-31275

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

Gentlemen:

RE: Request to Flare or Vent Associated Gas From McCracken Springs
Well No. 2-31, T37S, R.24E, San Juan County, Utah

The Division of Oil, Gas and Mining hereby grants approval of your request dated January 28, 1987 to flare associated gas from the referenced well. The approval is limited to the conditions stated in your letter, specifically that the associated gas may be flared or vented in excess of that allowed by Rule 311.3 of the Oil and Gas Conservation General Rules for the purposes of testing the well for a maximum period of 90 days.

The specific conditions of the approval are that the McCracken Springs Well No. 2-31 may be produced, and associated gas flared or vented, at producing rates as stated in your January 28th letter for a maximum period of 90 days beginning from the first day of testing. If the producing gas-oil ratio should increase over 2000:1, then this approval will become void and Yates Petroleum will be required to restrict gas flaring to that allowed by Rule 311.3 of the Oil and Gas Conservation General Rules.

Please note that this approval represents an administrative variance to Rule 311.3. No formal action by the Board of Oil, Gas and Mining will be required at this time; however, any additional request for producing the well in excess of that specified in your letter or any extension of this approval will require a petition and hearing before the Board.

It is also necessary to comply with federal regulations and the federal lease requirements concerning oil and gas operations. Therefore, you are advised to contact the appropriate federal agency to ensure that they do not object to the proposed gas flaring.

Page Two
Yates Petroleum Corporation
February 6, 1987

We hope this information is helpful to you, please contact this office again if you have further questions.

Best regards,

A handwritten signature in cursive script, reading "Dianne R. Nielson". The signature is written in dark ink and is positioned above the printed name and title.

Dianne R. Nielson
Director

JRB
cc: R. J. Firth
J. R. Baza
Well File
0258T-93-94

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

9

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL:		OIL WELL <input checked="" type="checkbox"/>	GAS WELL <input type="checkbox"/>	DRY <input type="checkbox"/>	Other _____		
b. TYPE OF COMPLETION:							
NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. REVR. <input type="checkbox"/> Other <u>TITE HOLE</u>							
2. NAME OF OPERATOR Yates Petroleum Corporation							
3. ADDRESS OF OPERATOR 105 South 4th St., Artesia, NM 88210							
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 2050' FSL & 500' FEL (N $\frac{1}{2}$ SE $\frac{1}{4}$) At top prod. interval reported below At total depth							
14. PERMIT NO. API #43-037-31275			DATE ISSUED				
15. DATE SPUDDED 12-17-86	16. DATE T.D. REACHED 12-28-86	17. DATE COMPL. (Ready to prod.) 1-12-87	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5702' GR	19. ELEV. CASINGHEAD			
20. TOTAL DEPTH, MD & TVD 6395'	21. PLUG, BACK T.D., MD & TVD 6144'	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY →	ROTARY TOOLS X	CABLE TOOLS		
24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6075-6086' Upper Ismay					25. WAS DIRECTIONAL SURVEY MADE No		
26. TYPE ELECTRIC AND OTHER LOGS RUN Borehole Compensated Sonic-GR, DLL, Compensated Neutron					27. WAS WELL CORED No		
28. CASING RECORD (Report all strings set in well)							
CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED		
13-3/8"	54.5#	78'	17-1/2"	125 sx (147.5 cu ft)			
8-5/8"	24#	2275'	12-1/4"	350 sx (413 cu ft)			
5-1/2"	15.5#	6394'	7-7/8"	580 sx			
29. LINER RECORD			30. TUBING RECORD				
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-7/8"	6023'	6023'
31. PERFORATION RECORD (Interval, size and number) 6075-86' w/22 .42" Holes (2 SPF)				32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.			
				DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED		
				6075-86'	w/1000 gal 20% acid + 40 ball sealers.		
33.* PRODUCTION							
DATE FIRST PRODUCTION 1-8-87		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing				WELL STATUS (Producing or shut-in) Producing	
DATE OF TEST 1-12-87	HOURS TESTED 24	CHOKE SIZE 30/64"	PROD'N. FOR TEST PERIOD →	OIL—BBL. 562	GAS—MCF. 462	WATER—BBL. 0	GAS-OIL RATIO 822
FLOW. TUBING PRESS. 330	CASING PRESSURE Pkr	CALCULATED 24-HOUR RATE →	OIL—BBL. 562	GAS—MCF. 462	WATER—BBL. 0	OIL GRAVITY-API (CORR.)	
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Flaring - Note: Began producing well for 90 day test period beginning 3-2-87 authorized by State of Utah & BLM.						TEST WITNESSED BY Bill Hansen	
35. LIST OF ATTACHMENTS Logs							
36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records							
SIGNED <u>Jeannita Goodlett</u>				TITLE Production Supervisor		DATE 3-10-87	

*(See Instructions and Spaces for Additional Data on Reverse Side)

7. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
			DST #1 6004-6100' (96') Upper Ismay: TO 15"; SI 90"; TO 60"; SI 758". Opened to 3/4" choke for 10 seconds. Changed to 1/2" for balance of test. RECOVERY: 6004' of gas. GTS in 3 min. SAMPLER: 12.2 cfg, trace of oil with 1450# pressure. BHT 132°. PRESSURES: IHP 2946; IFP 1282-1973; ISIP 2030; FFP 1246-1971; FSIP 2030; FHP 2920.	Morrison	191	
			DST #2 6068-6136' (68') Upper Ismay: TO 30"; SI 60"; TO 60"; SI 180". Opened tool with 2" blow in bucket. GTS in 19 mins - 51 psi, Re-opened tool with 10 psi still on pipe and increased to 52 psi. RECOVERY: #1-100% drilling mud; #2 - mud cut oil (60% oil & 40% mud); #3-oil cut mud (48% oil & 52% mud); #4-oil cut mud (10% oil & 90% mud) and #5-oil cut mud (10% oil & 90% mud). Samples #2 and #3-highly gas cut. SAMPLER: 2.46 cfg, 840 cc oil, 20 cc mud with 500# pressure. BHT 132°. PRESSURES: IHP 3036; IFP 164-367; ISIP 1991; FFP 371-707; FSIP 2008, FHP 3015.	Entrada	1050	
				Navajo	1250	
				Chinle	2163	
				Cutler	2950	
				Honaker Trail	4922	
				Paradox	5854	
				Up. Ismay	6000	
				Lwr Ismay	6194	
				Up. Desert Creek	6274	
				Akah	6372	

RECEIVED
MAR 12 1987

DIVISION OF
OIL GAS & MINING

Effective Date: 2/1/2016

FORMER OPERATOR:	NEW OPERATOR:
Yates Petroleum Corporation N7400 105 South 4th Street Artesia NM 88210	Lodestone Operating, Inc. N2292 1605 US HWY 181, PMB #169 Portland TX 78374
CA Number(s):	Unit(s): Cazador

WELL INFORMATION:

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
Cazador Unit 1-1	31	37S	25E	4303731311	10807	Federal	Federal	OW	P
Cazador Unit 1-2	31	37S	25E	4303731332	10807	Federal	Federal	OW	P
Cazador Unit 1-4	31	37S	25E	4303731452	10807	Federal	Federal	OW	P
Manatee Fed 1	9	10S	18E	4304735798	15039	Federal	Federal	OW	P
McCracken Springs #2-31	31	37S	24E	4303731275	10680	Federal	Federal	OW	P

OPERATOR CHANGES DOCUMENTATION:

1. Sundry or legal documentation was received from the **FORMER** operator on: 4/4/2016
2. Sundry or legal documentation was received from the **NEW** operator on: 4/4/2016
3. New operator Division of Corporations Business Number: 6279346-0143

REVIEW:

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 4/6/2016
4. OPS/SI/TA well(s) reviewed for full cost bonding: N/A
5. UIC5 on all disposal/injection/storage well(s) approved on: N/A
6. Surface Facility(s) included in operator change: N/A
7. Inspections of PA state/fee well sites complete on (only upon operators request): N/A

NEW OPERATOR BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000018
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): N/A

DATA ENTRY:

1. Well(s) update in the **OGIS** on: 4/6/2016
2. Entity Number(s) updated in **OGIS** on: 4/6/2016
3. Unit(s) operator number update in **OGIS** on: 4/6/2016
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: N/A
6. Surface Facilities update in **RBDMS** on: N/A

LEASE INTEREST OWNER NOTIFICATION:

1. The **NEW** operator of the Fee (Mineral) wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

COMMENTS:



Lodestone Operating, Inc.

1605 US Highway 181, PMB #169
Portland, Texas 78374
Phone: 361-816-7654
smills@lodestoneoperating.com

RECEIVED

APR 04 2016

DIV. OF OIL, GAS & MINING

Sent USPO Certified 7008 1490 0003 5984 0959

March 29, 2016

Utah Dept of Natural Resources
Earlene Russell
Oil & Gas Division
P.O. Box 145703
Salt Lake City, UT 84114-5703

Re: Form 9 – Sundry Notice – Change of Operator

RECEIVED

APR 04 2016

Dear Ms Russell:

DIV. OF OIL, GAS & MINING

Enclosed please find five (5) executed originals of Form 9 – Sundry Notices and Reports on Wells for the Change of Operator for the following Oil & Gas Wells located in San Juan and Uintah County, Utah effective February 1, 2016.

- | | | |
|-----------------------|---------------------------------------|-----------------------|
| 1. Cazador Unit #1-1 | Lease# U-43651
API#43-037-31311 | San Juan County, Utah |
| 2. Cazador Unit #1-2 | Lease # U-43651
API# 43-037-31332 | San Juan County, Utah |
| 3. Cazador Unit #1-4 | Lease# U-43651
API# 43-037-31452 | San Juan County, Utah |
| 4. Manatee Federal #1 | Lease # UTU68620
API# 43-037-35798 | Uintah County, Utah |

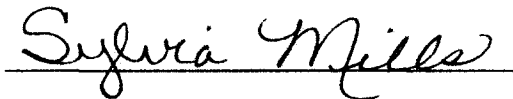
5. McCracken Springs #2-31 Lease# U-51846
API# 43-037-31275

San Juan County, Utah

If you have any questions or if I can be of further service, please do not hesitate to contact me.

Very truly yours,

Very truly yours,
LODESTONE OPERATING, INC.

A handwritten signature in cursive script, reading "Sylvia Mills", is written over a horizontal line.

Sylvia Mills
Production Analyst

Enclosures

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

RECEIVED

FORM 9

APR 04 2016

SUNDRY NOTICES AND REPORTS ON WELLS

DIV. OF OIL, GAS & MINING

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: U-51846
2. NAME OF OPERATOR: Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 105 S. 4th Street CITY Artesia STATE NM ZIP 88210		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (575) 748-1471		8. WELL NAME and NUMBER: McCracken Springs #2-31
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2050'FSL & 500'FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 31 37S 24E		9. API NUMBER: 4903731275
COUNTY: San Juan		10. FIELD AND POOL, OR WILDCAT: Wildcat; Upper Ismay
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Notice of Change of Operator

Yates Petroleum Corporation, as current operator of record, respectfully requests a change to designate a new operator

New Operator: Lodestone operating, INC

Address: 1605 US Hwy 181, PMB #169 Portland, TX 78374

Phone: 361-816-7654

BLM Bond #: RLB# 0010347

Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

New Operator

operations conducted on the leased lands or portion thereof and hereby certifies that it is in agreement that the foregoing is true and correct.

Signature by: DAVID M. REAVIS - President

DATE: 3/11/2016

EFFECTIVE DATE: February 1, 2016

NAME (PLEASE PRINT) <u>Tina Huerta</u>	TITLE <u>Regulatory Reporting Supervisor</u>
SIGNATURE <u>Tina Huerta</u>	DATE <u>March 4</u> , 2016

(This space for State use only)

APPROVED

APR 06 2016

DIV. OIL, GAS & MINING
BY: Rachel Medina